Regulation 39-21-107. Limitations on Assessments.

- (1) Taxes Other than Income Taxes. The statute of limitations on assessments of passenger-mile, gasoline, special fuel, cigarette, sales, use, or severance tax, except as hereafter noted, shall be three years from the date the return was filed, except when there is a written agreement between the taxpayer and the executive director to waive the statute of limitations or except when a written proposed adjustment (e.g. a notice of deficiency or assessment) has been issued prior to the expiration of the three year period.
- (2) Income Tax. Except as provided in paragraphs (a) through (e) following, the statute of limitations for making assessments of Colorado income tax shall be the time provided for assessing a deficiency in federal income tax plus one year. The federal statute of limitations for making an income tax assessment is generally 3 years from the date the return is filed. Returns filed early are considered to have been filed on the due date. The following paragraphs (a) through (e) are exceptions to this general rule:
- (a) When there is a written agreement between the taxpayer and the executive director to waive the statute of limitations.
- (b) When the taxpayer fails to notify the executive director in writing within 30 days of any final determination as defined in Regulation 39-22-601(6)
- (c) When the taxpayer fails to file an amended Colorado income tax return to notify the executive director of the filing of an amended federal income tax return reflecting any change in income reportable to the state of Colorado
- (d) In the event a waiver of the statute of limitations is agreed upon between a taxpayer and the U.S. Internal Revenue Service for income tax the Colorado statute of limitations will automatically be extended for the same period plus one year. See C.R.S. 39-22-601(6).
- (e) When a written proposed adjustment (e.g. a notice of deficiency or assessment) of the tax liability has been issued by the Department, the limitation is extended one year after the final determination of assessment is made.
- (3) **Return Filed Prior to Due Date.** Where the return is filed prior to the due date thereof, the statute of limitations shall run beginning from the due date.
- (4) False, Fraudulent or No Return Filed. When the taxpayer fails to file a return or files a false or fraudulent return with intent to evade the tax, the tax may be assessed and collected at any time.
- (5) Waiver. Whenever the taxpayer believes the time may be too short in which to prepare full information, records and evidence, or prepare a protest and complete a hearing thereon for the correct determination of an assessment of tax, he may apply for a waiver of the period of limitation within which the assessment must be made. The

taxpayer requests a waiver by signing the proper application blank provided by the department of revenue.

The executive director of the department of revenue may also initiate the procedure for obtaining a waiver. When the executive director of the department of revenue and the taxpayer sign the waiver the period for completing the assessment is thereby extended in accord with the terms thereof.